



**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION'S  
CHARTER SCHOOL OVERSIGHT**

**From The Office Of State Auditor  
Claire McCaskill**

*Improvements are needed in oversight of  
charter schools by sponsors and the  
Department of Elementary and Secondary  
Education.*

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**PERFORMANCE AUDIT**



Office of  
Missouri State Auditor  
Claire McCaskill

August 2004

**Better oversight of charter schools is needed**

Since 1998, the legislature has allowed charter schools to be established in the St. Louis and the Kansas City public schools districts. Primary responsibility for oversight of charter schools rests with sponsors that grant charter schools the right to operate. The Department of Elementary and Secondary Education (DESE) provided approximately \$73 million in state and federal funds for distribution to 25 charter schools in fiscal year 2003.

DESE did not take a pro-active role in ensuring charter schools are fully accountable and in compliance with state statutes. DESE officials believe their role has been limited by charter school laws; however, the department has placed other requirements on charter schools in addition to those established by state regulation, and penalized schools for not meeting certain requirements. The lack of oversight by sponsors and involvement by DESE has contributed to problems regarding teacher certification, submission of annual financial audit reports, school charters, and funds deposited in banks.

**Charter schools have not always complied with state laws and/or regulations**

Sponsors and DESE have taken limited action to ensure charter schools complied with state statutes and regulations in regard to teacher certifications, financial reporting and provisions required to be included in charter school applications. For example, auditors found half of the schools in operation in September 2003 did not meet the 80 percent teacher certification requirement. This certification percentage is lower than the 95 percent teacher certification requirement for public schools. Since September 2003, sponsors had only placed four schools on probation or notified the schools that charter renewal was in jeopardy for not complying with this requirement. (See page 8)

**Oversight by sponsors was inconsistent**

Auditors found 4 of 8 sponsors provided minimal oversight of charter schools. Officials from one sponsor acknowledge they have not reviewed performance. An official at another sponsor said his organization practiced "damage control" reacting to problems once they occur. (See page 4)

**Some schools have uninsured funds in banks**

Auditors found 14 charter schools had over \$5 million in uninsured funds in banks putting those funds at risk. (See page 14)

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**DEPARMENT OF ELEMENTARY AND SECONDARY EDUCATION'S  
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**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Bob Holden, Governor  
and  
Members of the General Assembly  
and  
Dr. D. Kent King, Commissioner  
Department of Elementary and Secondary Education  
Jefferson City, MO 65102

During fiscal year 2003, the state distributed approximately \$73 million in state and federal funds for 25 charter schools. We focused audit efforts on determining whether improvements are needed in oversight provided to charter schools. Audit objectives included determining (1) the extent charter school sponsors have provided oversight to charter schools, (2) the Department of Elementary and Secondary Education's (DESE) role in overseeing charter school operations, and (3) whether charter schools have complied with state statutes.

Improvements are needed in the extent of oversight provided to charter schools by sponsors, and DESE assistance provided to sponsors. We found the level of oversight provided by eight charter school sponsors varied. Four of the eight sponsors had actively engaged in oversight activities and four sponsors provided inconsistent oversight. Although state statutes give sponsors oversight authority over charter schools, statutes provide no guidance as to the level of supervision to be provided or standards of accountability. DESE did not take a pro-active role in ensuring charter schools are fully accountable and in compliance with state statutes. DESE officials believe their role has been limited by charter school laws; however, the department has placed other requirements on charter schools in addition to those established by state regulation, and penalized schools for not meeting certain requirements.

The lack of oversight by sponsors and involvement by DESE has contributed to problems regarding teacher certification, submission of annual financial audit reports, school charters, and funds deposited in banks.

We conducted our work in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

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## **RESULTS AND RECOMMENDATIONS**

### **Improvements Are Needed in the Oversight of Charter Schools**

Improvements are needed in management and oversight of the charter school program because charter schools have not been held fully accountable for the expenditure of taxpayer funds. This has occurred because (1) the level of oversight provided to charter schools has varied, and (2) the Department of Elementary and Secondary Education (DESE) views its oversight role as limited by charter school laws. As a result, not all charter schools complied with laws and regulations requiring (1) at least 80 percent of teachers to be certified, (2) timely submission of annual financial audit reports, and (3) key elements in charter applications. In addition, charter schools had over \$5 million in uninsured bank accounts.

#### **Background**

In 1998, legislation allowed charter schools to be established in the St. Louis and the Kansas City public school districts. Charter schools are independent, publicly-funded schools of choice, exempt from laws and rules relating to schools, governing boards and school districts, except charter school laws and regulations. (*See Appendix III, page 21, for a summary of charter school legislation*). Twenty-five<sup>1</sup> charter schools received approximately \$73 million in state and federal funds to educate nearly 10,000 Missouri students in fiscal year 2003.<sup>2</sup> A person, group or organization seeking to establish a charter school is required to submit a charter application, for no less than 5, but no more than 10 years in duration, to a sponsoring institution and the school board of the district in which the charter school is to be located. Charter schools may be sponsored by the Kansas City or St. Louis school districts, a community college or a public 4-year college/university. The college/university must be located in, or adjacent to the county in which the district is located, or provide educational programs meeting regional or national standards of accreditation to any part of the district.

Sponsoring institutions for Missouri's charter schools include:

- Kansas City and St. Louis public school districts
- Central Missouri State University in Warrensburg
- Harris-Stowe State College in St. Louis
- Southeast Missouri State University in Cape Girardeau
- The University of Missouri located in St. Louis, Rolla and Kansas City

Once approved by the sponsoring institution, the charter is submitted to DESE for review.<sup>3</sup> If the charter meets the requirements of charter school law, DESE takes no action; however, if the charter fails to meet those requirements, DESE may disapprove the granting of a charter. If a sponsoring institution declines sponsorship, the State Board of Education may sponsor a charter school if the application meets requirements of charter school law.

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<sup>1</sup> A 26<sup>th</sup> charter school opened in September 2003 after the 2003 fiscal year end.

<sup>2</sup> See Appendix II, page 20, for all charter schools, sponsors and date schools opened.

<sup>3</sup> DESE is responsible for administering and monitoring policies and regulations established by the State Board of Education.

Sponsoring institutions are responsible for reviewing the schools' performance, management and operations at least every 2 years. The sponsoring institution can revoke a charter at any time if the school:

- Commits a serious breach of one or more provisions of its charter
- Fails to meet academic performance standards as set forth in its charter
- Fails to meet generally accepted standards of fiscal management
- Violates the law

Like traditional district public schools, charter schools receive funds based on the number of students attending according to average daily attendance. Funding is administered by DESE, through the Kansas City and St. Louis school districts, who distribute funds to the charter schools.

## **Methodology**

We reviewed state laws and regulations governing charter schools and interviewed DESE officials having responsibility over the charter school program. We obtained records of teacher certification compliance, charter school audit reports, and charter school records maintained by the department. We interviewed charter school sponsors, obtained policies and procedures related to charter school oversight, and records documenting oversight activities performed. We also obtained records of state and federal funds distributed to charter schools from the St. Louis and Kansas City public school districts and DESE. We did not review the academic performance of charter schools.<sup>4</sup>

## **Some sponsors provided little oversight**

Four of the eight sponsors have provided limited oversight to charter schools. State statutes give sponsoring institutions the responsibility to review charter school performance, management and operations at least once every 2 years;<sup>5</sup> however, the statutes do not provide a common framework for basic oversight activities.

State laws and regulations address accountability and certain requirements for charter schools. For example, laws and regulations require schools (1) be financially accountable,<sup>6</sup> (2) submit annual audit reports to DESE in a timely manner,<sup>7</sup> and (3) have at least 80 percent of instructional staff certified.<sup>8</sup> However, these laws and regulations have not clearly identified who shall be responsible for compliance in these areas, or standards to be applied. For instance, statutes have not identified who shall ensure schools are financially accountable, and have not defined standards for determining compliance, or remedies to help struggling schools reach financial stability. According to a spokesman for the Missouri Charter School Information

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<sup>4</sup> See Appendix I, page 19, for additional information on our objectives, scope and methodology.

<sup>5</sup> Section 160.405.6, RSMo 2000.

<sup>6</sup> Section 160.405.5, RSMo 2000.

<sup>7</sup> 5 CSR 30-4.030 (7).

<sup>8</sup> Section 160.420.2, RSMo Cumulative Supp. 2003.

Center,<sup>9</sup> statutes governing charter schools were written intentionally vague to encourage innovation among sponsors, but were not intended to absolve charter schools of fiscal responsibility and/or accountability. Table 1 depicts the differences in the level of oversight provided by sponsors. The sponsors are listed in order by least oversight to most oversight.

**Table 1: Various Levels of Oversight Provided by Sponsors**

<b>Sponsors</b>	<b>Number of Schools Sponsored</b>	<b>Makes Regular Site Visits<sup>1</sup></b>	<b>Reviews Performance</b>	<b>Attends Meetings<sup>2</sup></b>
Harris-Stowe State College	1	No	No	No
University of Missouri - Rolla	2	No	NA <sup>3</sup>	No
Kansas City Public School District	1	No	Yes	No
University of Missouri - St. Louis	2	No	Yes	No
St. Louis Public School District	2	Yes	Yes	No
Southeast Missouri State University	1	Yes	Yes	No
Central Missouri State University	10	Yes	Yes	Yes
University of Missouri - Kansas City	7	Yes	Yes	Yes

<sup>1</sup> Visits charter schools bi-weekly, monthly, or on another regular schedule.

<sup>2</sup> Attends regularly scheduled charter school board meetings, operational meetings, or principals' meetings.

<sup>3</sup> Performance reviews for these schools are due in 2004 and 2005.

Source: Prepared by SAO based on interviews with sponsoring institution officials.

Examples of differences in oversight follow:

- Harris-Stowe officials stated they receive copies of school board minutes, the annual financial audit report and an annual report (from the school). In addition, officials have communicated with the school board on issues of governance by the management company and school location. However, they stated they have not reviewed performance because the state has not provided funding to cover the cost of this activity.
- University of Missouri – Rolla officials stated they conducted site visits during the first year of operations and attended two board meetings last year for the two schools they sponsor. Officials plan to conduct the first bi-annual performance review due for one of the schools in 2004.
- Kansas City Public School District officials stated the district reviews charter school performance every year the same as other public schools in the district, focusing on test scores and attendance/drop-out reports. A district spokesman said the lack of authority to hold charter schools accountable and resources for oversight are the main problems with the charter school program.
- University of Missouri – St. Louis officials stated they have not established formal oversight procedures, and oversight has been limited to one performance review at each

<sup>9</sup> A not-for-profit, 501(c)(3) incorporated resource and information clearinghouse for educators, legislators and the public, and a support and networking center for Missourians interested in charter schools. The information center was instrumental in researching, writing and assisting in the passage of charter school laws in Missouri.



school every 2 years because the state did not provide oversight funding and the university has experienced budget cuts. One official described the current level of oversight as "damage control". In commenting on a draft of this report, the official stated university staff attend monthly meetings to monitor the progress of the probationary status of one of the charter schools that has been on probation since the first year of operations. However, this official stated the university does not attend any meetings for the other charter school the university sponsors.

Four of the sponsors are actively engaged in oversight activities. For example:

- St. Louis Public School District officials said considerable time is spent on charter school issues which includes the distribution of funds. In addition to making site visits, the district receives regular attendance reports and copies of financial audit reports. The district also provides general oversight and advice on discipline issues, investigates students who drop out of the charter schools, and reviews performance every 2 years.
- Southeast Missouri State University officials stated oversight activities include making monthly site visits and obtaining and reviewing extensive reports before conducting performance reviews which mirror criteria contained in the Missouri School Improvement Program. Officials said every 2 years they evaluate charter schools the same way other public schools are evaluated because they believe charter schools should be held as accountable as other public schools.
- Central Missouri State University officials monitor operations by making regular site visits, attending charter school operational and board meetings, and requiring various reports regularly, such as budgets and financial reports. This sponsor conducts annual performance reviews and requires charter schools to make presentations justifying charter renewal. One official said there should be resources (funds) available to enable sponsors to compel fiscal and educational accountability through oversight.
- University of Missouri - Kansas City officials visit each charter school a minimum of twice each month, attend charter school board meetings periodically, conduct monthly meetings with charter school principals and engage in ongoing communication with the schools. This sponsor contracts with retired professionals and receives assistance from the state to review performance every 2 years reviewing, among other things, academic and financial viability. Assistance from the state has included a Missouri Assessment Program facilitator from the Kansas City Regional Professional Development Center<sup>10</sup> and a representative from DESE to review special educational programs.

Two sponsors cited lack of funding as the rationale for minimal oversight activities. While most sponsors did not track actual expenses incurred for charter school oversight, three sponsors provided information on oversight costs. Central Missouri State University spent approximately

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<sup>10</sup> One of nine regional professional development centers in Missouri whose mission is to support the educational community by promoting and facilitating opportunities for continual professional growth.

\$207,000 monitoring 10 charter schools over the 3 years ending June 2003, or approximately \$7,000 per school, per year. The University of Missouri - Kansas City spent approximately \$45,600 for 7 charter schools in fiscal year 2004, or approximately \$6,500 per school. Sponsor records showed the \$45,600 did not include performance reviews for all seven schools or monitoring activities that had been performed without compensation. A Southeast Missouri State University official said the university spent approximately \$25,000 per year to provide oversight to one charter school, which included reviewing performance every 2 years and paying \$7,500 to a retired school superintendent to make monthly school site visits.

Four sponsors said they expect litigation if they exercise their authority to hold schools accountable. For example, one sponsor said when it took steps to revoke a charter for violations of law, the school filed suit and obtained an injunction prohibiting closure of the school. Another sponsor said its legal department advised sponsor officials not to attempt revocation of charters because of the time and expense of legal challenges. Instead, the legal department advised officials to let the school's charter expire without renewal.

Some sponsors  
fear litigation for  
exercising  
authority

### **National association emphasizes quality and accountability**

The National Association of Charter School Authorizers<sup>11</sup> (NACSA) drafted principles and standards that create a common framework for sound practice. These standards assert core responsibilities of sponsors for creating and upholding an environment of high expectations for charter schools. NACSA believes a quality charter school sponsor supports freedom and flexibility for schools, that such autonomy comes with accountability for results, and sponsors should be defenders of the public interest in their decision to close schools that are failing. NACSA states sponsors are not responsible for the success or failure of a charter school, but for holding a school accountable for its success or failure.

NACSA principles of ongoing oversight and evaluation include (1) conducting oversight that evaluates performance, (2) monitoring compliance, (3) renewing charters, and (4) ensuring the autonomy to which each charter school is provided under its charter and applicable law. Charter renewal decisions should be based on a school's academic, financial, and organizational performance in relation to the terms of its charter.

DESE's charter school director said NACSA is a very good national organization, and charter school sponsors could benefit greatly from this organization and the work it does. The director also said she is familiar with the recently adopted principles and standards, and is considering sharing this information with charter school sponsors.

### **DESE views its role as limited**

DESE officials said they have little authority over the charter school program and have been limited in what they can require of sponsors and/or charter schools because charter school law does not specify requirements DESE may place on charter schools.

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<sup>11</sup> A nonprofit, nonpartisan membership organization, whose mission is to promote the establishment and operation of quality charter schools through responsible oversight in the public interest.

DESE is required to:

- Review sponsor-approved charter applications, and if necessary, within 45 days disapprove the granting of the charter if the application fails to meet the requirements of charter school law.<sup>12</sup>
- Authorize and make payment to a charter school if a school district fails to make timely payments of any amount for which it is the disbursal agent.<sup>13</sup>
- Commission a study of the performance of charter school students every 2 years, pay the contractor with funds appropriated by the general assembly for this purpose, and make the results of the studies public.<sup>14</sup>

Officials said they do not have the authority to intervene and penalize schools or require corrective action. However, DESE has established one regulation that places requirements on charter schools and provides for penalties if certain requirements are not met. In addition, DESE has placed other requirements on charter schools, not included in laws or regulations, and has penalized schools for not meeting those requirements. By regulation, DESE requires charter schools to submit annual financial audit reports that also include a schedule of selected statistics as specified annually by the department. When the audit reports are not provided, DESE can withhold state funds until the reports are received. We noted some schools had not submitted audit reports as required, but the department declined to withhold funding for this violation (*See pages 11-12 for discussion*).

DESE informally requires charter schools to submit core data and reports of revenue and expenditures<sup>15</sup> although charter school laws and regulations do not require schools to submit this information. In September 2002, DESE notified the Kansas City School District to withhold funding from three Kansas City charter schools for failure to submit the report of revenue and expenditures, a penalty not authorized by law or state regulations. A DESE official said the department requires this information because it is necessary to determine the amount of funding for each charter school and to prepare the state's annual financial report.

### **Charter schools have not always complied with state laws and/or regulations**

Sponsors and DESE have not always ensured charter schools complied with state statutes and regulations in regard to teacher certifications, financial reporting, and provisions required to be included in charter school applications.

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<sup>12</sup> Section 160.405.3, RSMo 2000.

<sup>13</sup> Section 160.415.3, RSMo 2000.

<sup>14</sup> Section 160.410.3, RSMo 2000.

<sup>15</sup> Annual Secretary to the Board Report.

### **Teacher certification requirements have not always been met**

We found 50 percent of schools in operation in September 2003<sup>16</sup> (13 of 26) did not meet the requirement that at least 80 percent of instructional staff be certified.<sup>17</sup> However, since September 2003, sponsors only placed four schools on probation or notified these schools that charter renewal was in jeopardy for not complying with this requirement. Charter school law requires at least 80 percent of instructional staff be certified by the state<sup>18</sup> and gives sponsors the authority<sup>19</sup> to revoke a charter for violation of law. Public schools are required to have at least 95 percent of instructional staff certified. The certification and licensure process ensures teachers possess basic, minimum qualifications and is important to ensure quality education for public school students. According to one department official, if a public school does not maintain a 95 percent teacher certification rate, DESE can require corrective action to meet minimum certification standards. If not successful, the school could lose accreditation and state funding. Table 2 depicts schools not in compliance with teacher certification laws in September 2003.<sup>20</sup>

**Table 2: Schools Not in Compliance with Certification Laws in September 2003**

<b>Charter School</b>	<b>Opened</b>	<b>Sponsor</b>
Academy of Kansas City	1999	University of Missouri - Kansas City
Westport Allen Village Charter School <sup>1</sup>	1999	University of Missouri - Kansas City
Genesis Schools, Inc.	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
Derrick Thomas Academy	2002	University of Missouri - Kansas City
Alta Vista Charter School <sup>1</sup>	1999	Central Missouri State University
Don Bosco Education Center <sup>1</sup>	1999	Central Missouri State University
Academie LaFayette <sup>1</sup>	1999	Central Missouri State University
Scuola Vita Nuova <sup>2</sup>	1999	Central Missouri State University
Urban Community Leadership Academy <sup>1</sup>	1999	Central Missouri State University
Westport Community Secondary Schools	1999	Kansas City Public School District
Lift for Life Academy	2000	Southeast Missouri State University
Construction Careers Center	2001	St. Louis Public School District

<sup>1</sup>Schools with less than 80 percent teachers certified for the last 3 years.

<sup>2</sup>Scuola Vita Nuova attained the 80 percent certification rate by March 2004.

Source: DESE

Derrick Thomas Academy has never met teacher certification requirements. Also, in fiscal year 2003, one employee at Alta Vista Charter School did not have an employment form required by the U.S. Immigration and Naturalization Service, which shows eligibility to work in the United States.

<sup>16</sup> As of September 2002, 72 percent of 25 charter schools in operation did not meet certification requirements.

<sup>17</sup> Teacher certification is a process where the department ensures individuals have the professional and legal qualifications, including education, experience, ethics and morals, to be licensed to teach in Missouri public schools.

<sup>18</sup> Section 160.420.2, RSMo Cumulative Supp. 2003.

<sup>19</sup> Section 160.405.7.(1), RSMo 2000.

<sup>20</sup> See Appendix IV, page 23, for compliance with certification requirements for the last three years.

We discussed teacher certification compliance weaknesses with sponsors to determine what, if any, action they were going to take. Sponsors said:

- In March 2004, the University of Missouri - Kansas City notified the Academy of Kansas City of possible charter non-renewal if teacher certification requirements were not met. In May 2004, the university put the school on probation for this and various other problems. Two schools in Table 2, Lee A. Tolbert Community Academy and Genesis Inc., met certification requirements in May and June 2004, respectively. A university official said the university plans to place its two other schools on probation in June 2004 if the final certification percentages for the year are less than 80 percent. Our analysis of certification data showed one of the other two schools had been in violation of certification requirements for 3 years, and one had been in violation for 2 years.

In commenting on a draft of this report on July 12, 2004, officials stated certification rates should be calculated monthly because certification rates can change month to month. According to the official, certification rates vary because teachers are employed 'at will' and can leave employment at any time. Subsequent to our July 2004 discussion, officials placed Westport Allen Village Charter School and Derrick Thomas Academy on probation for failure to meet certification requirements.

- Although four of its charter schools failed to meet certification requirements for at least the last 3 years, a Central Missouri State University official said there are no plans to place any of these schools on probation on the basis of this issue alone. Instead, university staff will continue working with these schools to meet certification requirements. The spokesman said compliance with certification requirements is one component in the evaluation of charter school performance.
- After 2 years of non-compliance with teacher certification requirements, in December 2003 the Kansas City school district identified Westport Community Secondary Schools as a "concerned school" due to critical deficiencies in academic performance, fiscal management and compliance with certification requirements. In May 2004, the district declined to renew the charter for Westport Community Secondary Schools for deficiencies in fiscal management and governance.
- After 2 years of non-compliance, Southeast Missouri State University officials said they would consider placing Lift for Life Academy on probation for not meeting certification requirements when the charter comes up for renewal in 2005. In commenting on a draft of this report, a university official stated they intend to address certification non-compliance by hiring retired, certified teachers to work part-time to meet the 80 percent level.
- St. Louis Public School District officials said because this is the first time Construction Careers Center has not met the 80 percent requirement, they will meet with school officials and offer assistance and give charter school officials the opportunity to meet certification requirements before placing the school on probation.

Thurgood Marshall Academy has been on probation since June 2001 for violations of teacher certification requirements and fiscal mismanagement. University of Missouri - St. Louis officials said charter renewal will depend on the results of the 2004 performance review.

Two sponsors said charter school officials gave various explanations for not meeting the teacher certification requirement. For example, school officials said DESE had a backlog in certifying qualified teachers, or was waiting for results of background checks. In March 2004, we requested the charter school director re-verify teacher certification status for the 13 non-compliant schools to determine if certifications had been completed since September 2003. The re-verification showed 12 of the 13 schools still had not complied with this requirement.

A DESE official stated although there may be delays in processing certifications, it is the charter school's responsibility to monitor and ensure at least 80 percent of its teachers are properly certified to teach in public schools. According to the official, the department verifies teacher certification in October each year using September school data. Then, the charter school director notifies each school and its sponsor, by letter, whether or not the school is in compliance with the state's 80 percent rule. However, DESE officials take no further action, believing they do not have the authority to penalize or require corrective action.

### **Prompt financial reporting not always required**

We found charter schools have not always submitted financial audit reports to DESE. Charter school law requires schools to be financially accountable and provide for an annual audit by a certified public accountant.<sup>21</sup> State regulation requires charter schools submit audit reports to DESE no later than an extended deadline of December 31.<sup>22</sup>

Six schools did not send fiscal year 2003 audit reports to DESE by the extended deadline, and as of June 30, 2004, two of the six schools still had not submitted these audit reports. However, neither DESE, nor sponsors for five of the six schools, exercised their authority as set forth in state regulations and/or charter school law to hold these schools accountable.<sup>23</sup> Table 3 depicts schools not providing audit reports to DESE by the extended deadline of December 31.

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<sup>21</sup> Section 160.405.5, RSMo 2000.

<sup>22</sup> The regular deadline is October 31 of every year and may be extended to December 31.

<sup>23</sup> Submission of annual of audit reports had been an informal requirement prior to fiscal year 2003.

**Table 3: Schools Not Submitting Fiscal Year 2003 Audit Reports by December 31, 2003**

<b>Charter School</b>	<b>Date Received</b>	<b>Sponsor</b>
St. Louis Charter Academies	6/9/04	University of Missouri - Rolla
Westport Community Secondary Schools	Not submitted	Kansas City Public School District
Derrick Thomas Academy <sup>1</sup>	Not submitted	University of Missouri - Kansas City
Youthbuild St. Louis Charter School	3/8/04	St. Louis Public School District
Westport Allen Village Charter School	3/5/04	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	2/2/04	University of Missouri - Kansas City

<sup>1</sup> Derrick Thomas Academy's report, dated March 31, 2004, had not been submitted to DESE as of July 14, 2004.

Source: DESE records

Further, for fiscal year 2002, 14 schools did not submit audit reports to DESE by the extended deadline, and for fiscal year 2001, six schools did not submit audit reports by the extended deadline. Westport Community Secondary School's report was late for both years, with the 2002 report being over a year late and the 2001 report being over 2 years late.

State regulations give DESE authority to withhold funds if audit reports are late, or are not submitted.<sup>24</sup> However, a department official said withholding funds because a school did not submit an audit report on time or because it was having serious financial difficulties would cause the financial situation to deteriorate further, and DESE does not want to be "a hindrance to the schools".

Sponsors may place a school on probation to allow the school to implement a remedial plan, or revoke a charter at any time the charter school violates the law.<sup>25</sup> As of June 30, 2004, only one of four sponsors in Table 3 took this action for failure to submit timely audit reports.

- University of Missouri - Rolla officials notified St. Louis Charter Academies in June, 2004 of their intention to revoke the school's charter.
- University of Missouri – Kansas City officials said they plan to decline renewal of charters expiring in 2005, 2006, and 2007 for three schools that failed to submit fiscal year 2003 audit reports to DESE by the extended deadline, if subsequent audit reports are late or missing. Subsequent to our discussion with officials on July 12, 2004, officials placed Westport Allen Village Charter School and Derrick Thomas Academy on probation for failure to send the fiscal year 2003 audit report to DESE by the extended deadline.

<sup>24</sup> 5 CSR 30-4.030 (7).

<sup>25</sup> Section 160.405.7, RSMo 2000.

We contacted the other sponsors to determine what, if any, action they plan to take for this violation of law.

- A St. Louis Public School District spokesman said the Youthbuild St. Louis Charter School's late audit report will not be addressed separately and considered as grounds for probation, but will be a component of the performance review which will be completed this year.
- In December 2003, the Kansas City Public School district identified critical deficiencies in Westport Community Secondary Schools' fiscal management. However, the district did not take action to place the school on probation or revoke the school's charter. Instead, on May 5, 2004, sponsor officials notified Westport they declined to renew the school's charter for fiscal mismanagement and other issues. Auditors hired by the sponsor to audit the schools' fiscal management could not complete the audit because of the substantial lack of documentation.

The Missouri Charter School Information Center believes the sponsor is the most important entity involved in ensuring accountability and, according to a spokesman for the information center, if schools do not adhere to state laws, sponsors should be closing schools. DESE's charter school director said the information center is an organization that has considerable knowledge on charter schools and is a reliable source of information on the charter school program.

### **Not all charters contained required elements**

Seven of 18 charters for Kansas City charter schools did not contain all elements required by charter school law.<sup>26</sup> Some of the required elements missing from the charters included personnel policies, personnel qualifications, a professional development plan, methods for measuring pupil progress, and criteria to measure school performance.<sup>27</sup> DESE's charter school director told us these required elements are important to ensure quality education for charter school students.

Two Kansas City sponsors approved the 7 charters and DESE did not disapprove charters for these schools even though they did not include all required elements to assure quality education. For example, according to the fourth year evaluation of one Kansas City charter school, the application indicated no clear criteria for assessing student progress or measuring school effectiveness, and evaluators noted there were still no common classroom measures of student learning in place.

One sponsor official said it relied on the state to evaluate areas such as core curriculum, and another said although some elements may have been overlooked, the charters were approved by DESE. The charter school director told us it was possible some required elements were not included in the 1999 charters, but in 2000 the department devised a checklist to use in evaluating charter applications. We found subsequent charters for schools in St. Louis were

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<sup>26</sup> See Appendix IV, page 23, for charter applications missing required elements.

<sup>27</sup> See Appendix V, page 25, for complete listing of requirements.



complete. Officials from two Kansas City sponsors told us future charter renewal documents will include all elements auditors identified as missing from the original charter application document.

### **Some schools have fiscal concerns**

Our review of financial reports disclosed independent auditors found 13 Kansas City charter schools and a St. Louis charter school maintained cash in the bank totaling over \$5 million on June 30, 2003, which exceeded amounts covered by federal insurance. Discussions with University of Missouri - Kansas City and Central Missouri State University officials disclosed they were not aware bank deposits were not insured. Table 4 depicts charter schools with uninsured bank deposits at June 30, 2003.

**Table 4: Charter Schools with Uninsured Bank Deposits at June 30, 2003**

<b>Charter School</b>	<b>Uninsured Deposits<sup>1</sup></b>	<b>Sponsor</b>
Academy of Kansas City	\$190,367	University of Missouri - Kansas City
Brookside Day School	191,289	University of Missouri - Kansas City
Westport Allen Village Charter School	194,000	University of Missouri - Kansas City
Genesis School, Inc.	154,744	University of Missouri - Kansas City
Derrick Thomas Academy	1,165,000	University of Missouri - Kansas City
Benjamin Banneker Charter Academy	838,591	Central Missouri State University
Don Bosco Education Center	616,370	Central Missouri State University
Gordon Parks Elementary School	348,475	Central Missouri State University
Hogan Preparatory Academy	165,919	Central Missouri State University
Academie Lafayette	252,385	Central Missouri State University
Scuola Vita Nuova	2,196	Central Missouri State University
Southwest Charter School	191,722	Central Missouri State University
Urban Community Leadership Academy	525,315	Central Missouri State University
St. Louis Charter School	368,052	University of Missouri - St. Louis
<b>Total</b>	<b>\$5,204,425</b>	

<sup>1</sup>Bank balances exceeding the \$100,000 amount covered by the Federal Deposit Insurance Corporation.

Source: Fiscal year 2003 audit reports

### **Conclusions**

The extent of sponsor oversight of charter schools has varied with four sponsors providing minimal oversight. State statutes give sponsors oversight responsibility for charter school performance, management and operations; however, the statutes do not require minimum oversight activities to ensure accountability of charter schools. When sponsors provide little oversight to charter schools, the likelihood increases they will not be aware of problems occurring at charter schools and whether schools have complied with state statutes. Sound business practices dictate sponsors perform consistent commonly recognized oversight procedures to ensure charter schools comply with state statutes and are accountable.

DESE officials believe they have little authority over the charter school program, and are limited in what they can require of sponsors and/or charter schools because charter school law does not specify requirements the department may place on sponsors and/or charter schools. Officials also said they do not have the authority to intervene and penalize schools or require corrective action. However, DESE has placed departmental and other requirements on charter schools and penalized schools if certain requirements were not met. While state statutes are silent on the DESE's role, we believe it should, as the state agency overseeing public education, assume a proactive approach in ensuring charter schools are fully accountable and comply with state statutes.

Charter schools operate under specific statutes; however, not all charter schools complied with those statutes. Half of charter schools operating in fiscal year 2003 failed to meet teacher certification requirements. Teacher certification is an important element in ensuring a quality education for students. Sponsors should monitor teacher certifications and take appropriate action to enforce certification requirements.

Almost 25 percent of charter schools had not submitted required financial audits to DESE by the extended due date of December 31, 2003. However, DESE and sponsors for most of these schools did not exercise their authority to hold schools accountable by withholding funding or placing the schools on probation. Financial audits can provide valuable insights into the financial condition of charter schools. Sponsors and the department should take responsibility to monitor financial performance and hold charter schools accountable for reporting on the use of public funds.

Charter schools have held large uninsured cash reserves on deposit with banking institutions putting taxpayer funds at risk of loss. Sound business practices dictate all taxpayer funds be protected against loss.

## **Recommendations**

We recommend the General Assembly enact legislation to:

1. Give the State Board of Education rule-making authority over the charter school program, authorizing the establishment of commonly recognized standards of accountability.

We recommend the State Board of Education direct DESE to:

2. Adopt a proactive role in charter school oversight by establishing a common framework of basic oversight activities and sponsor responsibilities to measure charter school performance and hold sponsors and schools accountable.
3. Take the lead in promoting and sharing best practices used by sponsors actively engaged in oversight activities with all sponsors.

We recommend sponsors:

4. Hold schools accountable for meeting goals set forth in charter documents and ensure compliance with charter school law and/or state regulations.
5. Require charter schools to insure funds not covered by federal insurance.

We recommend Harris-Stowe State College:

6. Fulfill sponsorship responsibilities by reviewing charter school performance at least once every 2 years.

### **Agency Comments**

*Recommendation 1: We agree with this recommendation. Statutory changes, including rulemaking authority, in the charter school law, would allow the State Board of Education to adopt clear guidelines and expectations for both charter schools and sponsors.*

*Recommendations 2 and 3: DESE currently works with all sponsoring institutions and shares best practices that have been identified in Missouri and other states. Many of these contacts are done on an informal basis, by telephone conversations and other contacts. The Director of Charter Schools holds meetings with the various sponsoring institutions for the purpose of providing them an opportunity to network as well as share best practices. While the Department has developed cooperative and effective relationships with many of the sponsors and charter school operators, they also value their independence. They know, and we recognize, that they are not required to follow the suggestions the Department might offer. There are no fiscal incentives for charter school sponsors to be receptive to a "more proactive role" recommended by state education officials. Changes in the statute and/or rulemaking authority are necessary to clarify the State Board of Education's role and authority in providing oversight of the sponsoring institutions. Changes in the statute are necessary in order to adopt a common framework to be utilized by sponsors in providing oversight and accountability for the schools.*

### **Sponsor Comments**

*With the exception of Harris-Stowe, sponsors generally concurred with the report and recommendations, and the following sponsors made additional comments.*

*University of Missouri – Kansas City officials stated sponsor accountability is an important issue which should be addressed by the department so that consistent standards are applied to charter schools by all sponsors. Officials stated without consistent standards, sponsors interested in conducting more oversight and requiring more accountability from charter schools may face legal challenges when other charter schools in the state do not have to meet comparable standards of accountability.*

*Kansas City School District - The Kansas City Superintendent of Schools believes charter schools should be held as accountable as public schools, using standards of the Missouri School*

*Improvement Plan. He also said the legislature needs to close loopholes in charter school law and give the department and sponsors more authority over charter schools.*

*University of Missouri – St. Louis - A sponsor official stated the General Assembly needs to review the intent of the charter school legislation, provide start-up funds for charter schools, and define oversight responsibilities for sponsors, and consequences when charter schools do not meet standards.*

*University of Missouri – Rolla – A university official stated the General Assembly needs to give the department rule-making authority.*

*St. Louis Public School District – Program officials stated the General Assembly needs to clearly define the roles, responsibilities, and expectations for the department, sponsors, and charter schools and bring greater accountability into the program.*

*Central Missouri State University accepted the role of authorizer and sponsor of public charter schools in accordance with provisions contained in charter school law, and in line with its educational mission. Despite resource limitations, CMSU has worked diligently to effectively fulfill its responsibilities relating to the sponsorship of public charter schools. Further work remains to be completed in clearly defining and articulating the roles and responsibilities entailed by charter school sponsors. Sponsors, and potential sponsors, should identify and promulgate best practices associated with charter school sponsorship. One possibility would be for DESE to facilitate this process.*

### **Harris-Stowe Comments**

*Recommendation 6: Harris-Stowe officials did not respond to the report recommendation, but provided comments. Some of the comments referred to an earlier draft which had been changed based on those comments; therefore, those comments have been deleted from this report.*

*Officials stated oversight activities included: (a) a number of meetings by the Sponsor with the Board of Directors of the Charter School, with teachers, with parents, and the School administrator; (b) attendance at various Charter School presentations and student activities; (c) team member tours of the Charter School's current and proposed sites; (d) meetings with Chancellor-Beacon representatives, lawyers, and the proposed site owner; (e) personal tours of other possible Charter School sites. In addition, the College included documents that clearly showed periodic reviews by the HSSC Charter School Team of various reports on the Schools performance. Clearly, these activities were of an oversight nature – not ones of governance.*

*Harris-Stowe officials took issue with the audit position indicating that a charter school's meeting the 80 percent teacher certification minimum, rests, largely with the sponsor—not the Department of Elementary and Secondary Education. They stated sponsoring institutions do not have any such statutory authority. Sponsoring institutions really do not have the authority to close charter schools—only to recommend such action—because, ultimately, the granting and the revocation of charters rest with DESE.*

*We are disappointed that the audit report did not include a much-needed finding—one that would have noted that the state—after many attempts by legislators—has not yet provided oversight funding to help defray the expense such endeavors impose on sponsors.*

#### **State Auditor Comments**

As stated on page 9, Section 160.405.7.(1), RSMo 2000 gives sponsors the authority to revoke a charter for violation of law.

**OBJECTIVES, SCOPE AND METHODOLOGY**

**Objectives**

Audit objectives included determining (1) the extent charter school sponsors have provided oversight to charter schools, (2) whether DESE plays an active role in advising and/or assisting sponsors in their oversight of charter schools, and (3) whether charter schools have complied with state laws and regulations.

**Scope and Methodology**

To accomplish the audit objectives, auditors:

1. Reviewed state laws and regulations governing charter schools and interviewed DESE officials having responsibility over the charter school program.
2. Obtained records of teacher certification compliance, charter school audit reports received, and charter school records maintained by the department. We reviewed internal and management controls related to these records, but did not conduct specific tests of these controls.
3. Obtained records of state and federal funds distributed to charter schools by the St. Louis and Kansas City public school districts and DESE.
4. Interviewed officials at the eight sponsoring institutions in St. Louis, Cape Girardeau, Rolla, Warrensburg, and Kansas City; obtained policies and procedures related to charter school oversight, and records documenting oversight activities they perform.
5. Compared charter school contracts and charters to elements required by law, and discussed instances of non-compliance with the sponsoring institutions.

We could not obtain information directly from charter schools because they are independent, publicly-supported schools operated by not-for-profit organizations. Therefore, we were limited to information and records the sponsoring institution and the department could provide. We also did not evaluate the academic performance of charter schools.

We conducted our work between November 2003 and June 2004.

**CHARTER SCHOOLS AND SPONSORS**

Table II.1 displays the Kansas City charter schools, year opened, and sponsoring institutions. As shown below, there are 18 charter schools in Kansas City with three sponsors.

**Table II.1: Charter Schools Located in the Kansas City Public School District**

<b>Charter School</b>	<b>Year Opened</b>	<b>Sponsoring Institution</b>
Academie LaFayette	1999	Central Missouri State University
Alta Vista Charter School	1999	Central Missouri State University
Benjamin Banneker Charter Academy	1999	Central Missouri State University
Della Lamb Elementary Charter School	1999	Central Missouri State University
Don Bosco Education Center	1999	Central Missouri State University
Gordon Parks Elementary School	1999	Central Missouri State University
Hogan Preparatory Academy	1999	Central Missouri State University
Scuola Vita Nuova	1999	Central Missouri State University
Southwest Charter School	1999	Central Missouri State University
Urban Community Leadership Academy	1999	Central Missouri State University
Westport Community Secondary Schools	1999	Kansas City School District
Academy of Kansas City	1999	University of Missouri - Kansas City
Westport Allen Village Charter School	1999	University of Missouri - Kansas City
Genesis School, Inc.	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
University Leadership Academy	2000	University of Missouri - Kansas City
Brookside Day School	2002	University of Missouri - Kansas City
Derrick Thomas Academy	2002	University of Missouri - Kansas City

Source: DESE

Table II.2 displays the St. Louis charter schools, year opened, and sponsoring institutions. As shown below, there are eight charter schools in St. Louis with five sponsors.

**Table II.2: Charter Schools Located in the St. Louis Public School District**

<b>Charter School</b>	<b>Year Opened</b>	<b>Sponsoring Institution</b>
Ethel Hedgeman Lyle Academy	2000	Harris-Stowe State College
Lift for Life Academy	2000	Southeast Missouri State University
St. Louis Charter School	2000	University of Missouri - St. Louis
Thurgood Marshall Academy	2000	University of Missouri - St. Louis
Construction Careers Center	2001	St. Louis Public School District
Youthbuild St. Louis Charter School	2002	St. Louis Public School District
Confluence Academies	2003	University of Missouri - Rolla
St. Louis Charter Academies	2002	University of Missouri - Rolla

Source: DESE

**MISSOURI CHARTER SCHOOL LEGISLATION**

Laws and regulations governing charter schools include Section 167.349, RSMo 2000; Sections 160.400 – 160.415, RSMo 2000; Section 160.420, RSMo Cumulative Supp. 2003; 5 CSR 30-4.030 and 5 CSR 50-340.200. A summary of charter school law follows:

1. Charter schools are independent, accountable public schools of choice supported by public dollars.
2. They must be nonsectarian in their programs, admissions policies, employment practices and all other operations.
3. They must comply with all state laws and regulations relating to health, safety and minimum education standards.
4. They must provide for an annual audit, participate in the statewide system of assessments and distribute an annual report card.
5. They must ensure that all state and federal laws with regard to the needs of special education children are met.
6. Other than the above, charter schools are exempt from all laws and rules relating to schools, governing boards and school districts.
7. Charter schools may not charge tuition or impose fees that districts are prohibited from imposing.
8. Charter schools are authorized to accept grants, gifts or donations of any kind.
9. Each charter school must be registered as a Missouri nonprofit corporation.
10. Charter schools may operate only within St. Louis city limits and the boundaries of the Kansas City, Missouri School District.
11. They must enroll all students who apply. If the number of applications exceeds the capacity of the school, the admissions process shall ensure that all applicants have an equal chance of admission.
12. They may not limit admission based on race, ethnicity, national origin, disability, gender, income level, proficiency in the English language or athletic ability.
13. The only admissions preferences permitted are for a geographical area around the school, for children whose siblings already attend the school, or for children whose parents are employed by the school, as long as such preferences do not result in racially or socio-economically isolated schools.



### APPENDIX III

14. The charter constitutes a contract between the sponsor and the charter school.
15. The charter must contain a mission statement, a description of the school's organizational structure, program and curriculum, a financial plan, personnel plan and educational goals and objectives to be achieved.
16. Charter schools must have their charters approved by a sponsor.
17. Sponsors may be the local school board, a public four-year college or university with an accredited teacher education program with its primary campus in the school district, or in a county adjacent to the district or a community college located within the district.
18. Sponsors may not receive remuneration from charter schools.
19. An institution that sponsors three or more charters must ensure that at least one-third of charters granted shall be to schools that actively recruit dropouts or high-risk students.
20. Charters not approved by one of the above sponsors may be appealed to the state board of education. If the plan is viable, the state board may approve the charter and act as sponsor.
21. A sponsor may revoke an operator's charter or place the school on probation at any time if the school commits a serious breach of its charter, fails to meet academic performance standards as set forth in its charter, fails to meet generally accepted standards of fiscal management or violates the law.
22. A maximum of five percent of the public schools in each district may convert to charter status.
23. Charter schools may affiliate with private or public colleges or universities, or community colleges whose primary campus is in the same county or in a county adjacent to the charter school.
24. A university, college or community college may not accept remuneration for such affiliation.
25. School district employees involved in the establishment of a charter school are protected from reprisals.
26. A maximum of twenty percent of a charter school's full-time instructional staff may be non-certificated.
27. All non-certificated instructional personnel shall be supervised by certified instructional personnel.

**CHARTER SCHOOLS IN VIOLATION OF LAWS AND REGULATIONS**

Section 160.420.2, RSMo Cumulative Supp. 2003 requires at least 80 percent of full-time equivalent instructional staff be certified personnel.

**Table IV.1: Schools Not Meeting the 80 Percent Requirement (X)**

<b>Charter School</b>	<b>September 2001</b>	<b>September 2002</b>	<b>September 2003</b>	<b>March 2004</b>
Academie LaFayette	X	X	X	X
Westport Allen Village Charter School	X	X	X	X
Alta Vista Charter School	X	X	X	X
Urban Community Leadership Academy	X	X	X	X
Don Bosco Education Center	X	X	X	X
Academy of Kansas City		X	X	X
Lee A. Tolbert Community Academy		X	X	X
Westport Community Secondary Schools		X	X	X
Genesis School, Inc.		X	X	X
Lift for Life Academy		X	X	X
Derrick Thomas Academy	Not open	X	X	X
St. Louis Charter School			Data not accurate	
Construction Careers Center			X	X
Brookside Day School	Not open	X		
Della Lamb Elementary Charter School		X		
Hogan Preparatory Academy		X		
Scuola Vita Nuova			X	
Southwest Charter School		X		
St. Louis Charter Academies	Not open	X		
Ethel Hedgeman Lyle Academy		X		
Thurgood Marshall Academy		X	Data not reported	X

Source: DESE

Five schools have met certification requirements. Those schools are Benjamin Banneker Charter Academy, Gordon Parks Elementary School, University Leadership Academy, Confluence Academies, and Youthbuild St. Louis Charter School.

## APPENDIX IV

Section 160.405, RSMo 2000 requires charters to contain certain elements, including but not limited to, personnel policies, personnel qualifications, a professional development plan, methods for measuring pupil progress, and criteria to measure school performance.

**Table IV.2: Charters Missing One or More of the Above Required Elements**

<b>Charter School</b>	<b>Date Opened</b>	<b>Sponsoring Institution</b>
Academie LaFayette	1999	Central Missouri State University
Gordon Parks Elementary School	1999	Central Missouri State University
Scuola Vita Nuova	1999	Central Missouri State University
Urban Community Leadership Academy	1999	Central Missouri State University
Academy of Kansas City	1999	University of Missouri - Kansas City
Lee A. Tolbert Community Academy	1999	University of Missouri - Kansas City
University Leadership Academy	2000	University of Missouri - Kansas City

Source: SAO analysis of charter documents and officials at sponsoring institutions

**ELEMENTS REQUIRED TO BE INCLUDED IN CHARTER APPLICATIONS**

Section 160.405, RSMo 2000 requires certain elements be included in charter school application documents. The following excerpts of this law identify those required elements.

160.405. 1. A person, group or organization seeking to establish a charter school shall submit the proposed charter, as provided in this section, to a sponsor. If the sponsor is not a school board, the applicant shall give a copy of its application to the school board of the district in which the charter school is to be located, when the application is filed with the proposed sponsor. The school board may file objections with the proposed sponsor, and, if a charter is granted, the school board may file objections with the state board of education. The charter shall include a mission statement for the charter school, a description of the charter school's organizational structure and bylaws of the governing body, which will be responsible for the policy and operational decisions of the charter school, a financial plan for the first three years of operation of the charter school including provisions for annual audits, a description of the charter school's policy for securing personnel services, its personnel policies, personnel qualifications, and professional development plan, a description of the grades or ages of students being served, the school's calendar of operation, which shall include at least the equivalent of a full school term as defined in section 160.011, and an outline of criteria specified in this section designed to measure the effectiveness of the school. The charter shall also state:

- (1) The educational goals and objectives to be achieved by the charter school;
- (2) A description of the charter school's educational program and curriculum;
- (3) The term of the charter, which shall be not less than five years, nor greater than ten years and shall be renewable;
- (4) A description of the charter school's pupil performance standards, which must meet the requirements of subdivision (6) of subsection 5 of this section. The charter school program must be designed to enable each pupil to achieve such standards; and
- (5) A description of the governance and operation of the charter school, including the nature and extent of parental, professional educator, and community involvement in the governance and operation of the charter school.

5. A charter school shall, as provided in its charter:

- (1) Be nonsectarian in its programs, admission policies, employment practices, and all other operations;
- (2) Comply with laws and regulations of the state relating to health, safety, and minimum educational standards;

## APPENDIX V

- (3) Except as provided in sections 160.400 to 160.420, be exempt from all laws and rules relating to schools, governing boards and school districts;
- (4) Be financially accountable, use practices consistent with the Missouri financial accounting manual, provide for an annual audit by a certified public accountant, and provide liability insurance to indemnify the school, its board, staff and teachers against tort claims. For the purposes of securing such insurance, a charter school shall be eligible for the Missouri public entity risk management fund pursuant to section 537.700, RSMo. A charter school that incurs debt must include a repayment plan in its financial plan;
- (5) Provide a comprehensive program of instruction for at least one grade or age group from kindergarten through grade twelve, which may include early childhood education if funding for such programs is established by statute, as specified in its charter;
- (6) Design a method to measure pupil progress toward the pupil academic standards adopted by the state board of education pursuant to section 160.514, collect baseline data during at least the first three years for determining how the charter school is performing and to the extent applicable, participate in the statewide system of assessments, comprised of the essential skills tests and the nationally standardized norm-referenced achievement tests, as designated by the state board pursuant to section 160.518, complete and distribute an annual report card as prescribed in section 160.522, report to its sponsor, the local school district, and the state board of education as to its teaching methods and any educational innovations and the results thereof, and provide data required for the study of charter schools pursuant to subsection 3 of section 160.410. No charter school will be considered in the Missouri school improvement program review of the district in which it is located for the resource or process standards of the program. Nothing in this paragraph shall be construed as permitting a charter school to be held to lower performance standards than other public schools within a district; however, the charter of a charter school may permit students to meet performance standards on a different time frame as specified in its charter;
- (7) Assure that the needs of special education children are met in compliance with all applicable federal and state laws and regulations.